



CCM Testimony

545 Long Wharf Drive., 8th Floor, New Haven, CT 06511 • 203-498-3000



PLANNING & DEVELOPMENT COMMITTEE

March 15, 2023

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent 168 towns and cities.

SB 1208 An Act Concerning the Assessment of Motor Vehicles for Property Taxation

CCM Supports SB 1208 with additional language to delay the implementation of the changes to the process by which motor vehicles are assessed.

SB 1208 would make changes to PA 22-118, Sections 497-509 regarding the taxation of motor vehicles. These changes have been recommended by the motor vehicle working group under OPM based on their review of the language adopted in 2022. These changes are needed in order to allow for the creation of the needed software and for the proper implementation of the changes to process by which motor vehicles are assessed and taxed by municipalities.

The changes to motor vehicle assessments enacted by PA 22-118, significantly alter the process by which motor vehicles are valued and assessed. The new law will change the current process of using motor vehicle values calculated by the National Automobile Dealers Association (NADA) to using Manufacturer's Suggested Retail Price (MSRP) with a corresponding depreciation scale. The proposed depreciation scale, would for taxable purposes, value a vehicle that is less than a year old at 80% of MSRP and decrease that value by 5% annually over 20yrs.

The PA 22-118 would also require vehicles owned by businesses to be included on their annual declaration of tangible personal property and establish a process by which aftermarket vehicle add-ons are incorporated into the taxable value of the vehicle. Furthermore, the bill requires DMV to provide monthly reports on newly purchased and locally registered motor vehicles.

CCM, while hesitant to support the original proposal that was heard by the Planning and Development Committee in 2022 did reach a position before the close of the 2022 session where we were able to support these changes. CCM supported the changes as we believe when fully enacted will provide greater transparency in the process of valuing and taxing motor vehicles in our towns and cities. Additionally, the bill will provide back office efficiencies in municipal assessment offices and more accurately capture aftermarket add-ons to commercial motor vehicles.



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CCM is still supportive of the changes enacted in 2022 but we do not believe that these changes cannot be implemented before the October 2023 effective date of the legislation.

These concerns include but are not limited to:

- Sufficient time for the software vendors to develop and test the required computer programs to implement the changes;
- The DMV developing and implementing the process and procedures to with monthly rather than yearly reports of new motor vehicle transactions;
- OPM creating a new standard personal property tax declaration to be used by local assessment offices.

Additionally, CCM has concerns regarding the fiscal impact of these changes on towns and cities. **The original assumption by OPM that the adopted changes would result in more than a 1% reduction in motor vehicle grand lists is no longer accurate and OPM now believes the reduction in motor vehicle grand lists will be closer to 20%.** The change in the fiscal impact is a result of shortages of new and used motor vehicles due to the continuing impact of the COVID crisis. These shortages have dramatically changed the current value of motor vehicles.

Given the concerns about the ability to implement the changes required by PA 22-118 and the projected increase in the reduction of motor vehicle grand lists, CCM asks the committee to support SB 1208 with additional language that would delay the implementation of changes to assessment and taxation of motor vehicles for at least one year.

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If you have any questions, please contact Randy Collins, Advocacy Manager of CCM at rcollins@ccm-ct.org or (860) 707-6446.